



Sent Via E MAIL

March 14, 1996

To: D. P. Fitzgerald
J. J. Ellegate

From: F. V. Natale
T. S. Hartman

The Buffalo and Seattle Regions have an opportunity to positively impact our DORAL share and profits in Indian Reservation outlets. We are recommending that "pre-sniped" DORAL product be made available to wholesalers who service these locations.

BACKGROUND:

- 143 Reservation stores are located in the two Regions (75 - Buffalo, 68 - Seattle).
- ____ wholesalers supply the Reservations (4- Buffalo, ____ Seattle).
- 649 cases of DORAL are presently shipped into reservations weekly (528 - Buffalo, 121 - Seattle).
- GPC is being bought down at wholesale and sold to Reservations in both Regions.
 - This tactic is being matched in two Buffalo Wholesalers
 - Seattle has not matched this tactic due to wholesalers not being able to VPR the product and concerns of the sticker being removed at retail.DORAL is being bought down and stickered in Seattle reservations. This is a very labor intensive due to the amount of volume. GPC has gained 16 share points in Seattle "Other outlets" (Marlin June - November '95) due to being price reduced from the wholesaler 100% of the time.
- Product is being boot-legged off the reservations and resold to other retailers. We estimate that approximately 15% of the product is bootlegged. RJR runs the danger of "double promoting" this product if the cartons are opened or VPR stickers removed.

RECOMMENDATIONS:

- Snipe DORAL cartons with a "Price reduced" flag. No denomination should be stamped on the product. Package tear tapes should say "price reduced". Separate UPC numbers should be assigned to the product.

Make product available to the limited number of wholesalers supplying the reservations.

- RJR to buy down product at wholesale. Price reduction would be passed to the consumer. Retail price to be conveyed via in store POS.

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Weekly Product Needs (12 M Cases)

DF 85 SP	51
DF 83 BX	10
DF 100 SP	75
DM 85 SP	25
DM 100	41
DL F85 SP	53
DL F83 BX	10
DL F100 SP	95
DL M 85	30
DL M 100	52
D ULT F85	22
D ULT F100	60
D NF 85	6
D M 83Bx	7

BENEFITS:

- Time Savings for Field Sales
 - Eliminates labor intensive stickering.
 - Reduces # of drafts written and administrative functions.
- Allows us to become more competitive vs. GPC by matching tactics.
 - Seattle forecasts a 20% increase in DORAL volume (+ 104 cases a month)
- Deters bootlegging due to product being permanently marked.
- Eliminates RJR "double promoting" the product. Present annual financial impact of double promoting may be:

\$455,598. - assumes 100% of bootlegged product is double promoted at \$1.50 ctn.

\$227,799 - assumes 50% of bootlegged product is double promoted at \$1.50 ctn.

Other markets may also have used for the pre-sniped product. It may have application in other states with reservations such as Florida, Oklahoma and Arizona.

Sincerely,

F. V. Natale

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FVN:am

cc: D. L. Wilmesher
R. M. Sanders
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